

Westtown, PA – Congressman Joe Sestak (PA-07) joined an audience of 500 at Westtown School this evening at an event sponsored by various groups from Brandywine Valley, Chadds Ford, Chester County, Cheyney University of, Radnor Township, and West Chester University that are supportive of an accountable, transparent effort to address our nation's challenges.

The event, "The Nation at a Crossroads: A Bipartisan Appearance" focused on critical issues for our nation, and where the country is going under a transitioning President's Administration and a new Congress, Congressman Sestak focused on economic security as the critical issue currently facing the nation, while also addressing the other four key national security pillars of health, education, defense, and energy, environment and emphasizing that all five pillars of national security can only succeed in their goals in all are worked on in a bipartisan manner to achieve the best for America's real national security.

"This election was not a mandate given to us by the public, but rather an opportunity for us to change how we do business in solving America's challenges – in an accountable, transparent, and non-partisan manner," said Congressman Sestak. "Unfortunately, our government has earned a deserved reputation over the past years for increasing partisanship and, as a result, declining efficiency and effectiveness in the legislative and executive process. However, in the past two years, I have seen some excellent examples of bipartisanship, and those are the models we must use in the next Congress no matter its political composition. I am especially proud that a majority of the more than 230 measures to gain House approval in the 110th Congress have had bipartisan agreement."

As one example of bipartisanship helping to achieve mutual goals, Congressman Sestak worked with Duncan Hunter, the ranking Republican on the Armed Services Committee, to gain unanimous support for legislation that provides restitution to American POWs tortured in the first Iraq War -- a measure initially seen as controversial and vetoed by President Bush last year.

"I believe that accountability, transparency, and bi-partisanship are key to solving this economic crisis," said Congressman Sestak. "I am honored to be a part of events like tonight where I can reach across the aisle to my colleagues and engage with those we represent on the nation's most pressing issue. It is only through positive collaboration that our country will determine the manner in which to address this economic moment. I am grateful for every opportunity to engage with them."

Just last week, Congressman Joe Sestak voted for H.R. 384, the Troubled Asset Relief Program (TARP) Reform and Accountability Act of 2009, which passed the House by a margin of 260-166. The legislation overhauls the TARP to strengthen accountability, increase transparency, close loopholes, and require the Treasury Department to take significant steps on foreclosure mitigation. It requires quarterly public reporting on the use of TARP funds; mechanisms to ensure "appropriate" use and compliance with all terms for the use of funds; and clarifies and confirms new uses for future funds released under TARP- including foreclosure mitigation, domestic automobile manufacturer assistance, state and municipal bond purchasing, and other additional uses. The Congressman also voted to disapprove a motion to deny the President the use of these funds.

Congressman Sestak said, "There have been serious policy missteps in the government's implementation of the original TARP approval of \$350 billion, including the decision of Secretary Paulson not to use the TARP funding for its original intent of purchasing distressed mortgage loans and securities, but rather for capital insertion into banking institutions. While providing capital was essential, abandoning the distressed asset purchases altogether was a mistake as, after his announcement of this, prices of those assets caved further. This failure to provide clarity to the price of those assets by the government; purchase of them -- or even conducting a reverse auction to set their prices -- resulted in a failure to attract private investment once the price was known, and once the value of an institution holding such assets could then be determined. This bill moves a long way toward correcting this and other failures, including first and foremost the failure of the Treasury Department and the financial and banking industry to ensure accountability for the application of these funds. These accountability rules apply to all institutions that have received funding back to the commencement of the TARP program in October 2008."

"This bill does this by mandating a quarterly reporting of funds and their use for increased lending, including a pre-agreement on 'how' such funds will be used prior to any institution receiving TARP funds from the government. Prohibitions on the use of these funds -- such as purchasing other healthy financial institutions -- are defined. In addition, this legislation mandates that an institution that accepts such funds must prohibit bonus or executive incentive compensation to the 25 most highly compensated employees; forbid "golden parachutes"; provide for 'claw-back' of executive compensation received on inaccurate statements; and that the Treasury must obtain warrants equal to at least 15% of any financing provided so as to reap a fair share in the profit as the institution recovers.

"In the midst of a foreclosure crisis, the bill also provides for a foreclosure mitigation plan of between \$40 and \$100 billion since quick action is needed to avoid the darker scenarios in which crashing house prices force even millions more from their homes, completely undermining the financial system and economy. It also confirms the Treasury authorization to

provide assistance to automobile manufacturers under the TARP, but with conditions that include a long-term restructuring of the industry to be globally competitive. Finally, it ensures that Treasury's authority to use TARP is also focused toward supporting the increased availability of consumer and small business loans, as well as municipal securities and commercial real estate loans and securities.

"In October, I voted for the Emergency Economic Stabilization Act to avoid an imminent collapse of our economy," said Congressman Sestak. The passage of that bill was necessary, but its implementation has not been accountable, transparent, or sufficient. I wrote to former Secretary of the Treasury Paulson three times to express my concern that the implementation of the bill is not consistent with the intent of the authorization. I believe that the enacted bill gave authority to the Treasury to purchase troubled assets and to replenish bank capital, and I believe strongly that the solution must address both of these issues. Rather, Secretary Paulson chose to implement principally a plan to inject capital into the banks through the purchase of preference shares, but instead of using these funds to lend to consumers, the banks have withheld the TARP funds. I believe much more emphasis needs to be placed upon removing the toxic mortgage securities from banks, and enhance lending by placing a value on the banks' mortgage securities through auctions and government purchases. Only then will private investment be sufficiently attracted to purchase these assets and create a full market and again for them, as well as to invest in forward institutions holding such assets now that their actual value has been diminished.

"Before its departure, the Bush administration formally requested the release of the second half of the \$700 billion, which will automatically be released since the Senate last week passed legislation that overruled objections to distribution of the funds – which I supported. The TARP Reform and Accountability Act is needed now more than ever to address the concerns I have voiced since October- while demanding greater accountability and transparency of TARP- so that we can resolve our economic crisis," said Congressman Sestak.

The Congressman's vote in support of this legislation is another example of his ongoing efforts to restore both economic security to his constituents and transparency to government actions in the midst of this economic crisis.

In fact, Congressman Sestak has been focused on the developing crisis in our financial markets since February when the Pennsylvania Higher Education Assistance Agency (PHEAA) alerted him that it had to stop making student loans because of the problems in the credit markets. The Congressman wrote then to the Secretary of the Treasury and the Chairman of the Federal Reserve Board, asking for direct intervention, but Chairman Bernanke responded that the "most

important contribution that the Federal Reserve can make ... is to foster the restoration of more-normal functioning in financial markets more generally.”

Unfortunately, over the last ten months, that proved wrong. Instead, what began with foreclosures in sub-prime mortgages, has now engulfed and devastated a growing number of financial institutions, causing a widespread credit freeze that affects his constituents, where lending has stopped because of the fear that mortgage-related securities held by banks may soon make these banks insolvent. During a call with Secretary Paulson and Chairman Bernanke, they admitted that this was the worst financial crisis since World War II – that means the Great Depression.

Congressman Sestak also spoke of another key issue of our nation at a crossroads - how the economic crisis is impacting the health care industry. “A comprehensive effort is needed to address the lack of access to quality care for millions of Americans in our current health care system, but we also must recognize the immediate problems caused by our current financial crisis,” said Congressman Sestak. “What I know from my efforts in our community and in Washington is that our healthcare system is in desperate need of reform. There are 45.7 million uninsured, 16 million underinsured, and costs are rising at double-digit rates. Affordable and accessible preventive care is essential to establishing a health care system that ensures everyone. I believe that it is my obligation as a representative to advocate for a mutual responsibility between society and government – a health care system in which disciplined costs and high standards are paramount.”

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the Congress.

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